



STATE OF NEVADA  
DEPARTMENT OF TAXATION

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Posted 7/15/24

NOTICE OF INTENT TO ACT UPON A REGULATION

Notice of Hearing for the Adoption of

**LCB File No. R046-24**

**Nevada Tax Commission**

The Nevada Tax Commission will hold a Public Hearing at **9:00 a.m.** on **Wednesday, August 14, 2024**. The purpose of the hearing is to receive comments from all interested parties regarding the adoption of the regulation that pertains to LCB File No. R046-24.

You may attend this meeting at either of the following physical locations:

Nevada Department of Taxation  
700 E. Warm Springs Road, 1st Floor  
Las Vegas, Nevada 89119

Legislative Counsel Bureau  
401 South Carson Street, Room 2135  
Carson City, NV 89701

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The following information is provided pursuant to the requirements of NRS 233B.0603:

1. Need and purpose of the proposed regulations or amendments

Proposed permanent regulation R046-24, repeals provisions relating to certain credits against an insurer's liability for the general tax on insurance premiums which have been eliminated; repeals a provision illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis; and provides other matters properly relating thereto.

This Regulation is necessary to repeal certain provisions to comply with current statute (NRS 680B.050), as amended by Assembly Bill 3 of the 28<sup>th</sup> Special Session, which eliminated a tax

credit against the general tax on insurance premiums by domestic or foreign insurers that owned or substantially occupied any building in Nevada as a home or regional home office.

2. How to obtain the approved or revised text of regulations prepared by LCB

You may obtain a copy of the proposed permanent regulation by writing to the Nevada Department of Taxation, 3850 Arrowhead Drive, 2<sup>nd</sup> Floor, Carson City, Nevada 89706; or by calling the office at (775) 684-2059. The proposed permanent regulation is also available for review and download on the Department of Taxation website at <https://tax.nv.gov/> or on the Nevada Legislature website at <https://www.leg.state.nv.us/>.

3. Methods used in determining the impact on a small business

The agency used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulation changes. The Department prepared a small business impact questionnaire that was forwarded to the Interested Parties List which is maintained by the Department. No comment was returned by members of the public.

The Department will continue to accept input on the impact of the proposed permanent regulation on small businesses through the regulatory process. No respondents indicated that this regulation would have a direct and significant economic burden upon a small business.

The Department held a workshop for concerned members of the public to state their concerns and submit correspondence regarding the regulation. No members of the public expressed concern about impacts to small businesses.

4. Estimated economic effect of regulation on businesses and the public

a. Adverse and beneficial effects

The proposed permanent regulation does not present any reasonable, foreseeable or anticipated adverse economic effects on small businesses or the public.

b. Immediate and long-term effects

The proposed permanent regulation does not present any reasonable, foreseeable or anticipated immediate or long-term economic effects on small businesses or the public.

5. Cost for enforcement of the regulations

The proposed permanent regulation does not present any significant, foreseeable or anticipated cost or decrease in costs for enforcement.

6. Overlap or duplication of other state or local governmental agencies

The proposed permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

7. Regulation required by federal law

Not Applicable

8. More stringent than federal regulations

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

9. New or increases in existing fees

The proposed permanent regulation does not include new fees or increase an existing fee.

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Persons wishing to comment on the proposed action of the Nevada Tax Commission may appear at the above scheduled public hearing or may address their comments, data, views, or arguments, in written form, to the Nevada Tax Commission, 3850 Arrowhead Drive, 2<sup>nd</sup> Floor, Carson City, Nevada 89706. Written submissions must be received at least two weeks prior to the above scheduled public hearing.

Under NRS 233B.064(2), when adopting any regulation, the Agency, if requested to do so by an interested person, either prior to adoption or within 30 days thereafter, shall issue a concise statement of the principal reasons for and against its adoption and incorporation, and its reason for overruling the consideration urged against its adoption.

**A copy of the Notice and the proposed permanent regulation to be adopted and/or amended is on file and has been posted at the following location:** The Department of Taxation - 3850 Arrowhead Drive, 2<sup>nd</sup> Floor, Carson City, Nevada 89706.

Members of the public may inspect these documents during regular business hours at the above location. Additional copies of the notice and proposed permanent regulation to be adopted and/or amended are available at the below locations.

The text of the proposed permanent regulation will include the entire text of any section of the Nevada Administrative Code, which is proposed for amendment or repeal. Copies will be mailed to members of the public upon request. A reasonable fee may be charged for copies if deemed necessary.

**Notice has been EMAILED/MAILED for posting at the following locations:**

Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno, Nevada; Department of Taxation - 700 E. Warm Springs Rd, Ste 200, Las Vegas, Nevada; The Legislative Building – 401 S. Carson St., Carson City, Nevada and 555 E. Washington Ave. # 4400, Las Vegas, Nevada; The Nevada State Library -100 Stewart Street, Carson City, Nevada; Interested Parties Group; and the Mailing List maintained by the Department. Notice of this meeting was posted on the Department of Taxation website at <https://tax.nv.gov/>, on the Legislative website at <https://www.leg.state.nv.us/>, and the Nevada Public Notice Website at <https://notice.nv.gov/>.

In compliance with the Americans with Disabilities Act, individuals requiring special accommodations to participate in this hearing should notify Tina Padovano at 775-684-2096 or [tpadovano@tax.state.nv.us](mailto:tpadovano@tax.state.nv.us) at least 3 days before the hearing. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the meeting room.

If you need an accommodation in order to communicate during the hearing, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later

than 14 days before the scheduled meeting. Please contact Tina Padovano at 775-684-2096 at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request to [tpadovano@tax.state.nv.us](mailto:tpadovano@tax.state.nv.us).

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Tina Padovano al 775-684-2096 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de [tpadovano@tax.state.nv.us](mailto:tpadovano@tax.state.nv.us).

**PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R046-24**

April 11, 2024

EXPLANATION – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: § 1, NRS 360.090, 680B.027.

A REGULATION relating to taxation; repealing provisions relating to certain credits against an insurer's liability for the general tax on insurance premiums which have been eliminated; repealing a provision illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing law requires each insurer to pay to the Department of Taxation a tax upon net direct premiums and net direct considerations written at the rate of 3.5 percent. (NRS 680B.027) Before the enactment of Assembly Bill No. 3 (A.B. 3) of the 28th Special Session of the Nevada Legislature, the provisions of former NRS 680B.050 authorized a domestic or foreign insurer which owned and substantially occupied and used any building in this State as its home office or as a regional home office to take a credit against the general tax on insurance premiums. A.B. 3 repealed NRS 680B.050, effective on January 1, 2021, which had the effect of eliminating this credit beginning January 1, 2021. (Section 3 of Assembly Bill No. 3, chapter 1, Statutes of Nevada 2014, 28th Special Session, at p. 3) This regulation repeals provisions of the Nevada Administrative Code related to the eliminated credit. This regulation also repeals a provision of the Nevada Administrative Code illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis. (NRS 680B.032; NAC 680B.220)

**Section 1.** NAC 680B.150, 680B.160, 680B.170, 680B.180, 680B.190, 680B.200, 680B.210, 680B.220, 680B.230, 680B.240 and 680B.250 are hereby repealed.

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## TEXT OF REPEALED SECTIONS

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**NAC 680B.150 Definitions. (NRS 360.090, 680B.027)** As used in NAC 680B.150 to 680B.250, inclusive, unless the context otherwise requires, the words and terms defined in NAC 680B.160 to 680B.190, inclusive, have the meanings ascribed to them in those sections.

**NAC 680B.160 “Ad valorem credit” defined. (NRS 360.090, 680B.027)** “Ad valorem credit” means the credit set forth in paragraph (b) of subsection 1 of NRS 680B.050.

**NAC 680B.170 “Executive Director” defined. (NRS 360.090, 680B.027)** “Executive Director” means the Executive Director of the Department of Taxation.

**NAC 680B.180 “Fifty percent credit” defined. (NRS 360.090, 680B.027)** “Fifty percent credit” means the credit set forth in paragraph (a) of subsection 1 of NRS 680B.050.

**NAC 680B.190 “Net direct premiums and net direct considerations written during the preceding calendar quarter” defined. (NRS 360.090, 680B.027)** “Net direct premiums and net direct considerations written during the preceding calendar quarter” means those net direct premiums and net direct considerations written during the same quarter for which each quarterly report and payment is due pursuant to the provisions of NRS 680B.032.

**NAC 680B.200 Illustration of proper application of NRS 680B.032. (NRS 360.090, 680B.027, 680B.032)** The following example is given to illustrate the proper application of NRS 680B.032. If an insurer writes \$500,000 of net direct premiums and net direct considerations during the quarter that runs from January 1 to March 31 of a calendar year and the

insurer is required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032, the insurer shall file its quarterly report and make its quarterly payment of taxes on that \$500,000 by April 30 of that same calendar year.

**NAC 680B.210 Application of fifty percent credit and ad valorem credit against tax imposed for privilege of transacting business in this State. (NRS 360.090, 680B.027, 680B.050)**

1. Except as otherwise provided in NAC 680B.240, an insurer who has established to the satisfaction of the Executive Director that it meets all the requirements set forth in NRS 680B.050 and 680B.055 may apply:

- (a) The fifty percent credit; and
- (b) The ad valorem credit,

↪ against the tax imposed by NRS 680B.027.

2. Such an insurer shall apply these credits pursuant to the provisions of NAC 680B.220 to 680B.250, inclusive.

**NAC 680B.220 Application of fifty percent credit if home office or regional home office in Nevada. (NRS 360.090, 680B.027, 680B.050)** Except as otherwise provided in NAC 680B.240, an insurer who has established to the satisfaction of the Executive Director that the insurer meets all the requirements set forth in NRS 680B.050 and 680B.055 and wishes to apply the fifty percent credit shall:

1. If the insurer is required to file quarterly reports and make quarterly payments pursuant to NRS 680B.032, reduce by 50 percent the amount of the tax required to be paid on net direct premiums and net direct considerations written during the preceding calendar quarter when the

insurer files the quarterly reports and makes the quarterly payments pursuant to the provisions of NRS 680B.032.

2. If the insurer is not required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032, reduce by 50 percent the aggregate amount of the tax required to be paid on net direct premiums and net direct considerations written during the immediately preceding calendar year when the insurer files the annual report and makes the annual payment pursuant to the provisions of NRS 680B.030.

**NAC 680B.230 Application of ad valorem credit if home office or regional home office in Nevada. (NRS 360.090, 680B.027, 680B.050)**

1. Except as otherwise provided in NAC 680B.240, an insurer who has established to the satisfaction of the Executive Director that it meets all the requirements set forth in NRS 680B.050 and 680B.055 and wishes to apply the ad valorem credit shall reduce the amount of tax the insurer is required to pay pursuant to NRS 680B.027 by the amount of the ad valorem credit when the insurer files the annual report and makes the annual payment pursuant to the provisions of NRS 680B.030.

2. An insurer who is required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032 may not reduce the amount of tax the insurer is required to pay pursuant to NRS 680B.027 by the amount of the ad valorem credit or any portion of that amount when the insurer files the quarterly reports and makes the quarterly payments pursuant to the provisions of NRS 680B.032.

**NAC 680B.240 Failure to satisfy requirements for credits for maintaining home office; payment of deficiency and interest. (NRS 360.090, 680B.027, 680B.050)**



1. If an insurer fails to satisfy the requirements of NRS 680B.050 or 680B.055 for the entire year for which the credits for maintaining a home office in this State are claimed, the insurer is not entitled to any credit for that entire calendar year.

2. If the Nevada Tax Commission, the Department of Taxation or a court of competent jurisdiction determines that an insurer who applied the fifty percent credit when the insurer filed a quarterly report and made a quarterly payment pursuant to the provisions of NRS 680B.032 has subsequently failed to satisfy the requirements of NRS 680B.050 or 680B.055 during the same calendar year in which the insurer made the quarterly payment, the insurer shall remit to the Department of Taxation:

(a) The difference between the amount the insurer set forth as the quarterly payment in the quarterly report filed with the Department of Taxation and the amount the insurer would have owed for the quarterly payment if the insurer had not applied the fifty percent credit and any other amount that the Nevada Tax Commission, the Department of Taxation or a court of competent jurisdiction determines to be a deficiency; and

(b) All applicable interest owed for failure to pay the full amount in a timely manner. Such interest must be based on the difference between the amount the insurer set forth as the quarterly payment in the quarterly report filed with the Department of Taxation and the amount the insurer would have owed for the quarterly payment if the insurer had not applied the fifty percent credit and any other amount that the Nevada Tax Commission, the Department of Taxation or a court of competent jurisdiction determines to be a deficiency.

**NAC 680B.250 Credit against tax imposed in succeeding calendar year. (NRS 360.090, 680B.027, 680B.050)** If an insurer is not entitled to a certain amount of the fifty percent credit or the ad valorem credit because it would reduce the amount of tax payable to less than 20

percent of the tax otherwise payable for that year pursuant to the provisions of NRS 680B.027, the insurer may not carry forward that amount of either credit for use as a credit against the tax imposed by NRS 680B.027 in a succeeding calendar year.